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## Viewing cable 07MANAGUA178, LACAYO: FSLN INTEREST GROUPS COMPETE FOR DOMINANCE

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### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07MANAGUA178**.

Reference ID	Created	Released	Classification	Origin
07MANAGUA178	2007-01-23 15:43	2011-08-30 01:44	CONFIDENTIAL	Embassy Managua

Appears in these articles:

<http://www.nacion.com/2011-04-25/Mundo/NotaPrincipal/Mundo2743916.aspx>  
<http://www.nacion.com/2011-04-25/Mundo/Relacionados/Mundo2743919.aspx>  
<http://www.nacion.com/2011-04-25/Mundo/Relacionados/Mundo2743922.aspx>  
<http://www.nacion.com/2011-04-25/Mundo/Relacionados/Mundo2752792.aspx>

VZCZCXRO5825  
PP RUEHLMC  
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RHEHNSC/NSC WASHINGTON DC PRIORITY  
RHEFDIA/DIA WASHINGTON DC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 MANAGUA 000178

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DEPARTMENT FOR WHA/CEN

E.O. 12958: DECL: 01/23/2017

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SUBJECT: LACAYO: FSLN INTEREST GROUPS COMPETE FOR DOMINANCE

REF: MANAGUA 0155

Classified By: Ambassador Paul A. Trivelli. Reasons 1.4 (B,D).

¶1. (C) Summary: Antonio Lacayo, secretary minister of the presidency during Violeta Chamorro's presidency and her son-in-law, believes that the power struggle among competing Sandinista National Liberation Front (FSLN) interest groups will "test" the new Ortega government and could be exploited to the opposition's advantage. He recently warned the Ambassador that Ortega is intent on mounting a "parallel government" operating outside of public scrutiny, but believes the opposition holds the key to counter this trend. End Summary.

Ortega Set on Mounting Parallel Government

¶2. (C) In a January 18 meeting with Ambassador, DCM, and PolCouns, Antonio Lacayo warned us that President Ortega is determined to mount a parallel government that will operate outside of public scrutiny. Lacayo, who served as Violeta Chamorro's secretary minister of the presidency and is her son-in-law, described Ortega's new cabinet as "a group of largely unqualified, incapable novices". Their loyalty to Ortega is unequivocal, but they will exercise no significant influence. Citing Education Minister de Castilla as a case in point, Lacayo observed that the minister's double discourse has the population reeling, and even pro-Sandinista education union ANDEN has criticized de Castilla. Lacayo recounted how in the course of a week de Castilla had proposed eliminating school cafeterias, and then reinstated them. Similarly, the minister declared educational autonomy "dead" and ordered parents to refuse to pay any administrative school fees; days later, however, de Castilla announced that parents will be responsible for holding fund raising events to contribute to their children's schools.

¶3. (C) As for Health Minister Maritza Cuant, Lacayo highlighted the fact that she was quick to correct the FSLN's pre-election opposition to abortion of any kind and is now openly opposing the penalization of abortion. As for National Energy Institute (INE) director David Castillo, "he is totally crazy," declared Lacayo, while new Energy Minister Emilio Rapacciolli is one of the capable few in the new cabinet. (Comment: The FSLN has traditionally openly supported therapeutic abortion; its change of heart in the lead up to the November 2006 national election was clearly a political ploy to gain more votes and ingratiate the party with the Catholic Church. (Note: The January 22 editions of Nicaragua's dailies La Prensa and El Nuevo Diario both featured Managua Archbishop Leopoldo Brenes' comments that the FSLN should remember its campaign position against abortion.)

¶4. (C) According to Lacayo, another reason for Ortega's delay in standing up his cabinet and the lack of transparency surrounding the process is his inability to deliver on his campaign promise to appoint women to 50% of the government positions. Lacayo reported that GON "Zero Hunger" director Orlando Nunez had apprised him of the dilemma -- many capable women work for NGOs and are unwilling to sacrifice their generous salaries to take a much lower paying government job, especially if Ortega delivers on his promise to halve the salaries of senior government officials.

So, Who is in Charge?

¶5. (C) Depicting President Ortega as a "disorganized sort with absolutely no sense of time," Lacayo believes that Ortega will not be engaged in the daily goings on of his government. He ventured that the increasingly evident rivalries and divisions among Sandinista leaders close to

Ortega will further complicate the Ortega government. Lacayo listed four main currents: Ortega's wife Rosario; his new senior economic advisor Bayardo Arce; Managua Mayor Dionisio "Nicho" Marenco; and, the ever-present Lenin Cerna, still a power to reckon with, even though he is not to Rosario's liking. Lacayo opined that in the scheme of things, Rosario's influence is on rise, recounting that while a year ago Tomas Borge had ordered Rosario to "shut up," today he would not dare to confront her.

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¶6. (C) Comment: The other shadow power figures in Ortega's government will be Miguel D'Escoto, Alvaro Baltodano, Manuel Coronel Krautz and Mohammed Lashtar. Marenco's presidential ambitions could eventually trump his loyalty to Ortega. While National Assembly Deputy Edwin Castro and Foreign Minister Samuel Santos (and probably Nicaraguan Ambassador-designate to the United States Arturo Cruz) lie within Rosario's camp (considered the more "moderate" and "intellectual" wing), National Assembly President Rene Nunez appears closer to Bayardo Arce. Lacayo predicted that the power struggles among these camps will test the new Ortega government and suggested that these tensions could be exploited to the opposition's advantage. End Comment.

¶7. (C) The Ambassador raised concerns regarding Ortega's choice of former Libyan/naturalized Nicaraguan Muhamad Muhktar Lashtar as his personal secretary, noting that Lashtar was a commercial attache at the Libyan embassy in Managua in the 1980s and reportedly associated with Libyan intelligence. Lacayo, who shared the Ambassador's concern, remarked that Pepe Mathus, a former Contra (associated with the Nicaraguan Liberal Alliance, ALN) who has been involved in some business dealings with Lashtar, told Lacayo recently that the Libyan Embassy had informed him that Lashtar no longer maintains any relation with the embassy. PolCouns shared that Lashtar is reportedly Moammar al-Ghadafi's nephew.

Disgruntled Convergencia  
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¶8. (C) Lacayo related how Edwin Castro had sent a letter to President Ortega recommending he appoint Convergencia leader Santiago Rivas as Defense Minister, but Cerna knocked the idea down and lobbied for wife Marisol Castillo to take the job. Only vigorous foreign and domestic objections derailed Castillo's appointment, opined Lacayo. Similarly, Luis Guzman, another Convergencia member, was not taken into account, said Lacayo, who added that at one point he was also affiliated with Convergencia.

Transformation in the Fast Lane  
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¶9. (C) The Ambassador observed that President Ortega appears intent on a transformation of state along the lines of the Chavez model and is quickly trying to pass legislation that would reduce the role of traditional governmental institutions. The Ambassador added that Ortega's aggressive efforts to consolidate power and his association with the Venezuelan, Bolivian, and Iranian presidents is causing him to quickly waste the political capital he had gained during the campaign and following his election.

Stepping Back on Law 290  
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¶10. (C) Lacayo, who agreed with the Ambassador's assessment, attributed Ortega's recent decision to retreat a few steps on some of his party's most egregious proposed changes to Law 290 (including revisions that would have accorded Ortega direct control over the police and the military) to his realization that he can only go so far, so fast before the opposition will dig in its heels. However, Ortega is certain

to try to "score other goals," warned Lacayo.

#### Ortega's Double Discourse -- A Matter of Money

¶11. (C) The Ambassador solicited Lacayo's views on whether Ortega is serious in his "double discourse" that he seeks positive relations with the United States while allowing the Venezuelan and Iranian presidents to lambaste the United States as they signed a number of cooperation agreements. Lacayo's response was immediate: "It's all about the money" -- Ortega wants to remain within the graces of the IMF, and with the U.S., EU, Japan, and other donors. Thus, Ortega's rhetoric during his inaugural ceremonies was relatively benign. However, because Ortega needs more funds than these traditional sources can provide to deliver on all of his campaign promises, he must court Chavez. Ortega knows that President Chavez saved Cuba, explained Lacayo, adding that "Chavez is not a revolutionary, he's a gorilla." Fidel Castro does not even respect Chavez and Daniel possibly might

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not even consider Chavez a "true ideological" colleague, but they both need him, he concluded.

¶12. (C) The Ambassador commented that some of Chavez' offers are to problems that the Nicaraguans do not have, for example, the construction of a refinery that will process much more crude than Nicaragua's domestic consumption requires. Lacayo replied that the refinery and pipeline are directed at meeting China's growing energy needs.

#### Taking Advantage of the New Political Chapter

¶13. (C) Lacayo mused that Ortega's return to power and his fast-track efforts to transform Nicaragua's political model has panicked the opposition and opened a new political "chapter" that offers the divided liberals and other opposition parties a chance to rally around a common purpose. He listed lawmakers Wilfredo Navarro, Francisco Aguirre Sacasa and Jose Pallais as some of the PLC deputies who might be willing to participate in such an effort with their ALN and Sandinista Renovation Movement (MRS) counterparts. Both Navarro and Aguirre Sacasa hold strong ambitions to run for president, so their loyalty to Aleman could be compromised, he explained. Referring to DCM/POL's recent meeting with PLC caucus chief Maximino Rodriguez, he agreed that Rodriguez would be another good candidate.

#### A Bit of Pact History

¶14. (C) Commenting that Aguirre Sacasa claims he is "different" from his father Francisco Aguirre Baca, Lacayo related how Aguirre Baca, who resides in the United States, and Humberto Ortega were the initial intermediaries who set up the "pact" between Arnoldo Aleman and Daniel Ortega. Later on, current VP Jaime Morales and Managua Mayor Nicho Marengo replaced Aguirre Baca and Humberto Ortega as the pact intermediaries, he explained.

#### Comment

¶15. (C) Lacayo's insights track closely with many of our other contacts, although he seems out of touch regarding PLC deputy Wilfredo Navarro; thus far, Navarro has shunned ALN efforts to seek common ground against Ortega. The fissures within Ortega's inner circle can be exploited to the opposition's and our advantage, particularly if the opposition starts rallying around a common goal to prevent Ortega from transforming Nicaragua's political model and remaining indefinitely in power. The media can also help by informing the public that Chavez' use of Nicaragua as his bully pulpit against the United States demonstrates his

aggressive, neo-imperialistic intentions for the region.  
TRIVELLI